

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 IO-13 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00

SSO-00 USIE-00 INRE-00 /108 W
----- 030247

O P 271145Z JUL 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0714

INFO AMEMBASSY OTTAWA PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY THE HAGUE PRIORITY

USMISSION EC BRUSSELS IMMEDIATE

USMISSION NATO BRUSSELS PRIORITY

C O N F I D E N T I A L BONN 12573

E.O. 11652: GDS

TAGS: EFIN, EEC

SUBJECT: EC COMMISSION PROPOSALS TO RESOLVE CIEC IMPASSE.

REF: STATE 184196

1. ECON/COMM MINISTER CALLED ON ASST SECY LAUTEN-
SCHLAGER (WHO WAS JOINED BY KRUSE) ON JULY 26 TO
EXPRESS OUR SERIOUS CONCERNS OVER THE REPORTED
COMMISSION PROPOSALS TO ACCEPT G-19 LANGUAGE ON DEBT.
LAUTENSCHLAGER TOLD US HE WAS NOT AWARE OF THE COM-
MISSION PROPOSALS, BUT HE EXPRESSED THE STRONG
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OPINION THAT WE HAD NOTHING TO WORRY ABOUT. HE

POINTED OUT SOMEWHAT WRYLY THAT THE FINANCE MINISTERS WOULD BE CONSIDERING THE MATTER BEFORE THE FOREIGN MINISTERS, AND WE COULD COUNT ON THE FINANCE MINISTERS NOT GIVING AWAY ANY MARBLES. HE EVEN DOUBTED THAT THE DUTCH FINANCE MINISTER WOULD GO ALONG WITH ANY COMMITMENT IN THE WORK PROGRAM IN THE DIRECTION SUGGESTED BY THE G-19 PROPOSALS.

2. LAUTENSCHLAGER EMPHASIZED, HOWEVER, THAT THE FRG WOULD LIKE TO SEE SOME GLOSS ON THE LANGUAGE WHICH WOULD IMPLY NO COMMITMENT, BUT AT THE SAME TIME WOULD ENABLE THE DIALOGUE TO CONTINUE. HE STRESSED THAT THE CHANCELLOR WAS STRONGLY ATTACHED TO THE SUCCESS OF THE DIALOGUE, SINCE HE WISHED TO AVOID AT ALMOST ANY COST HAVING NORTH/SOUTH PROBLEMS RETURNED TO THE UNCTAD FORUM. KRUSE INTERJECTED THAT IT WAS VITAL THAT SOME PROGRESS MUST THEREFORE BE MADE BY DECEMBER AND IMPLIED THAT IF THE US COULD NOT GO ALONG, THERE MIGHT INDEED DEVELOP SOME CLEAVAGE BETWEEN THE US AND EC POSITIONS.

3. LAUTENSCHLAGER STRESSED THAT THERE HAS BEEN NO CHANGE IN THE FRG POSITION SINCE NAIROBI NOR INDEED SINCE THE SECRETARY'S MEETING IN GYMnich. HE STRESSED OVER AND OVER AGAIN THAT THE FRG ACCEPTS NO COMMITMENTS ON THE DEBT PROBLEM BEYOND THE GYMnich FORMULA, ALTHOUGH WE SENSED HE AND THE FOREIGN MINISTRY MIGHT INDEED WANT TO BE FORTHCOMING, BUT ARE HELD BACK BOTH BY THE FINANCE AND ECONOMIC MINISTRIES AND BY ELECTORAL CONCERNS.

4. MUELLER-THUNS, DEP ASST SECY IN THE ECONOMICS MINISTRY, HAD EARLIER CONFIRMED TO EMBOFF TEXTUAL CHANGES FINANCE ATTACHE RECEIVED FROM FINANCE MINISTRY, AND ASKED WHETHER US COULD SUPPORT THEIR ALTERNATIVE PROPOSAL FOR PARAGRAPH 3. IN HIS BELIEF, THE QUALIFIERS "ENDEAVOR" AND "POSSIBLE" WATER DOWN ANY IMPLIED COMMITMENT TO DEBT RELIEF TO POINT WHERE IT IS MEANINGLESS.

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5. IN SEPARATE DISCUSSION, ECON COOP MIN DEP ASST SECY MOLTRECHT WELCOMED US VIEWS SET FORTH REFTEL AS A GOOD BASIS FOR A COMMON G-8 RESPONSE ON THE DEBT IMPASSE (HE WAS LESS ENTHUSIASTIC ABOUT PROPOSED FRG LANGUAGE), BUT CAUTIONED THAT WE SHOULD NOT GIVE IMPRESSION TO G-19 THAT WE ARE BACKTRACKING FROM COMPROMISE REACHED AT NAIROBI. MOLTRECHT AGREED WITH US ARGUMENT FOR RESISTING A LINKAGE BETWEEN

DEBT AND INDEXATION AT THIS POINT, BUT HE INDICATED
THAT EVENTUALLY WE MAY WISH TO ESTABLISH A LINKAGE
IN WHICH G-8 WOULD MAKE CONCESSIONS ON DEBT IN
RETURN FOR G-19 CONCESSIONS IN THE COMMODITIES AREA.
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